



# **San Diego City Attorney MICHAEL J. AGUIRRE**

## **NEWS RELEASE**

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**Contact: Maria Velasquez, Communications Director (619) 235-5725 (direct line ) [mvelasquez@sanidiego.gov](mailto:mvelasquez@sanidiego.gov)**

### **WITNESS INTERVIEW STATEMENTS DELIBERATELY WITHHELD BY KROLL; AGUIRRE SEEKS FURTHER EXPLANATION ON KROLL'S CONCLUSIONS REGARDING POTENTIAL VIOLATIONS OF FEDERAL SECURITIES LAWS BY ELECTED OFFICIALS**

**San Diego, CA:** Witness interview statements of 68 City officials are missing from the 25 boxes of exhibits that Kroll, Inc. turned over to the City of San Diego after presenting its \$20.3 million investigative report to the City Council on August 8, 2006. According to City Attorney Michael Aguirre, Arthur Levitt, head of the Kroll firm, misrepresented to the people of San Diego that all documents associated with the investigation would be handed over. At the Council meeting, Levitt said, "It is our intention also to make the 25 boxes of documents to which the report refers available to all San Diego citizens for their own independent scrutiny."

"Without the actual testimony of our City Officials, we will not be able to scrutinize how independent Kroll was in its probe. We don't know what questions were asked, and we don't know what answers were given," said City Attorney Aguirre. "Furthermore, the taxpayers paid for that investigation and every document related to Kroll's conclusions is the property of the City of San Diego."

The witness statements were discovered missing this morning when the City Attorney's investigators and legal assistants began a thorough review of the 25 boxes of Kroll documentation which are located in the City Clerk's office. Instead of providing each witness statement cited in the report, Kroll provided only a single sheet of paper labeled, "Audit Committee Interview." Among the missing witness statements are those from Council President Scott Peters, Council members Toni Atkins, Jim Madaffer, Brian Maienschein and Donna Frye, and former Mayor Dick Murphy.

"I was able to confirm that Kroll's law firm, Willkie Farr & Gallagher, made the decision to withhold the information from the public, which is not their call. This contributes to the culture of corruption and secrecy that Kroll claims must be stopped," said Aguirre. "I have already sent Kroll a letter demanding that these witness statements and any other documents critical to its investigation be turned over to the City."

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In the same letter, City Attorney Aguirre requested that Levitt's firm, "answer the question of whether Council members violated the federal securities laws for the City to properly certify the audit to KPMG. Moreover, it is required that you explain how you determined that the Council members did not act recklessly or knowingly in violation of the federal securities laws. Your failure to meet these responsibilities represents a fundamental breach of your contract with the City of San Diego."

In an October 11, 2004 letter to the City, KPMG stated, that "such an investigation is necessary in order for an auditor to complete an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*." (emphasis added)."

Kroll Inc. is a risk management firm hired by the City of San Diego in February 2005 to also analyze conflicting pension investigative reports by the law firm of Vinson & Elkins and the San Diego City Attorney.

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